

## Message Text

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PAGE 01 PANAMA 05955 01 OF 02 191836Z  
ACTION SAB-02

INFO OCT-01 ARA-10 ISO-00 L-03 SS-15 SSO-00 /031 W  
-----104698 191912Z /45

O 191711Z AUG 77  
FM AMEMBASSY PANAMA  
TO SECSTATE WASHDC IMMEDIATE 3260  
INFO PANCANAL IMMEDIATE  
USCINCSO

C O N F I D E N T I A L SECTION 1 OF 2 PANAMA 5955

FOR S/AB, L, ARA/PAN FROM KOZAK AND CHESTER

E.O. 11652: GDS  
TAGS: PBOR, PN  
SUBJECT: PANAMA CANAL TREATY NEGOTIATIONS: DRAFTING

ANNEX B

PROCEDURES FOR THE CESSATION OR TRANSFER OF ACTIVITIES CARRIED  
OUT BY THE PANAMA CANAL COMPANY AND THE CANAL ZONE GOVERNMENT AND  
ILLUSTRATIVE LIST OF THE FUNCTIONS THAT SHALL BE PERFORMED  
BY THE PANAMA CANAL COMMISSION

1. THE LAWS OF THE REPUBLIC OF PANAMA SHALL REGULATE THE  
EXERCISE OF PRIVATE ECONOMIC ACTIVITIES WITHIN THE AREAS MADE  
AVAILABLE FOR THE USE OF THE UNITED STATES OF AMERICA PURSUANT  
TO THIS TREATY. NATURAL OR JURIDICAL PERSONS WHO, AT LEAST  
6 MONTHS PRIOR TO THE DATE OF SIGNATURE OF THIS TREATY, WERE  
LEGALLY ESTABLISHED AND ENGAGED IN THE EXERCISE OF ECONOMIC  
ACTIVITIES IN THE FORMER CANAL ZONE, MAY CONTINUE SUCH ACTIVITIES  
IN ACCORDANCE WITH THE PROVISIONS OF PARAGRAPHS 2-7 OF ARTICLE  
IX OF THIS TREATY.

2. THE PANAMA CANAL COMMISSION SHALL NOT PERFORM GOVERNMENTAL  
OR COMMERCIAL FUNCTIONS AS STIPULATED IN PARAGRAPH 4 OF THIS  
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PAGE 02 PANAMA 05955 01 OF 02 191836Z

ANNEX, PROVIDED, HOWEVER, THAT THIS SHALL NOT BE DEEMED TO LIMIT  
IN ANY WAY THE RIGHT OF THE UNITED STATES OF AMERICA TO PERFORM  
THOSE FUNCTIONS THAT MAY BE NECESSARY FOR THE EFFICIENT  
MANAGEMENT, OPERATION AND MAINTENANCE OF THE CANAL.

3. IT IS UNDERSTOOD THAT THE PANAMA CANAL COMMISSION, IN  
THE EXERCISE OF THE RIGHTS OF THE UNITED STATES WITH RESPECT

TO THE MANAGEMENT, OPERATION AND MAINTENANCE OF THE CANAL,  
MAY PERFORM FUNCTIONS SUCH AS ARE SET FORTH BELOW BY WAY OF  
ILLUSTRATION:

1. MANAGEMENT OF THE CANAL ENTERPRISE.
2. AIDS TO NAVIGATION OF CANAL WATERS AND IN PROXIMITY  
THERETO.
3. REGULATION OF VESSEL MOVEMENT.
4. OPERATION AND MAINTENANCE OF THE LOCKS.
5. TUG SERVICE FOR THE TRANSIT OF VESSELS AND DREDGING  
FOR THE PIERS AND DOCKS OF THE PANAMA CANAL COMMISSION.
6. CONTROL OF THE WATER LEVELS IN LAKES ALAJUELA, GATUN AND  
MIRAFLORES.
7. NON-COMMERCIAL TRANSPORTATION SERVICES IN CANAL WATERS.
8. METEOROLOGICAL AND HYDROGRAPH SERVICES.
9. ADMESUREMENT.
10. NON-COMMERCIAL MOTOR TRANSPORT AND MAINTENANCE.  
CONFIDENTIAL
- CONFIDENTIAL
- PAGE 03 PANAMA 05955 01 OF 02 191836Z
11. INDUSTRIAL SECURITY THROUGH THE USE OF WATCHMEN.
12. PROCUREMENT AND WAREHOUSING.
13. TELECOMMUNICATIONS.
14. PROTECTION OF THE ENVIRONMENT BY PREVENTING  
AND CONTROLLING SPILLAGE OF OIL AND SUBSTANCES HARMFUL TO HUMAN  
OR ANIMAL LIFE AND OF THE ECOLOGICAL EQUILIBRIUM IN AREAS USED  
IN OPERATION OF THE CANAL AND THE ANCHORAGES.
15. NON-COMMERCIAL VESSEL REPAIR.
16. AIR CONDITIONING SERVICES IN CANAL INSTALLATIONS.
17. INDUSTRIAL SANITATION AND HEALTH SERVICES.
18. ENGINEERING DESIGN CONSTRUCTION AND MAINTENANCE OF CANAL  
COMMISSION INSTALLATIONS.
19. DREDGING OF THE CANAL CHANNEL, TERMINAL PORTS AND ADJACENT

WATERS.

20. NON-COMMERCIAL HANDLING OF CARGO ON THE PIERS AND DOCKS OF  
THE CANAL COMMISSION.

22. MAINTENANCE IN PUBLIC AREAS OF THE CANAL COMMISSION SUCH  
AS PARKS AND GARDENS.

23. GENERATION OF ELECTRIC POWER.

24. PURIFICATION AND SUPPLY OF WATER.

25. MARINE SALVAGE IN CANAL WATERS.

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PAGE 04 PANAMA 05955 01 OF 02 191836Z

26. SUCH OTHER FUNCTIONS AS MAY BE NECESSARY OR APPROPRIATE  
TO CARRY OUT, IN CONFORMIY WITH THIS AND RELATED  
AGREEMENTS, THE RIGHTS AND RESPONSIBILITIES OF THE UNITED STATES  
OF AMERICA WITH RESPECT TO THE MANAGEMENT, OPERATION AND MAINTENANCE  
OF THE PANAMA CANAL.

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PAGE 01 PANAMA 05955 02 OF 02 191852Z  
ACTION SAB-02

INFO OCT-01 ARA-10 ISO-00 L-03 SS-15 SSO-00 /031 W

-----105024 191912Z /45

O 191711Z AUG 77

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC IMMEDIATE 3261

INFO PANCANAL IMMEDIATE

USCINCSO IMMEDIATE

C O N F I D E N T I A L SECTION 2 OF 2 PANAMA 5955

FOR S/AB, L, ARA/PAN FROM KOZAK AND CHESTER

4. THE FOLLOWING ACTIVITIES AND OPERATIONS CARRIED  
OUT BY THE PANAMA CANAL COMPANY AND THE CANAL ZONE GOVERNMENT  
SHALL BE DISCONTINUED BY THE PANAMA CANAL COMMISSION EFFECTIVE

UPON THE DATES INDICATED HEREIN.

(A) UPON THE DATE OF ENTRY INTO FORCE OF THIS TREATY:

(I) WHOLESALE AND RETAIL STORES, INCLUDING COMMISSARIES,  
FOOD STORES, DEPARTMENT STORES, OPTICAL SHOPS AND PASTRY SHOPS;

(II) FACILITIES FOR THE PRODUCTION OF FOOD AND DRINK, INCLUDING  
MILK PRODUCTS PLANTS AND BAKERIES;

(III) PUBLIC RESTAURANTS AND CAFETERIAS AND THE SALE OF ARTICLES  
THROUGH VENDING MACHINES.

(IV) MOVIE THEATERS, BOWLING ALLEYS AND OTHER RECREATIONAL AND  
AMUSEMENT FACILTIES FOR THE USE OF WHICH A CHARGE IS PAYABLE;

(V) LAUNDRY AND DRY CLEANING PLANTS OTHER THAN THOSE OPERATED  
FOR OFFICIAL USE;

(VI) FACILITIES FOR THE REPAIR AND SERVICE OF PRIVATELY  
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PAGE 02 PANAMA 05955 02 OF 02 191852Z

OWNED AUTOMOBILES OR THE SALE OF PETROLEUM OR LUBRICANTS THERETO,  
INCLUDING GASOLINE STATIONS, REPAIR GARAGES AND TIRE REPAIR  
AND RECAPPING FACILITIES, AND OF OTHER PRIVATELY OWNED PROPERTY,  
INCLUDING APPLIANCES, ELECTRONIC DEVICES, BOATS, MOTORS,  
AND FURNITURE;

(VII) COLD STORAGE AND FREEZER PLANTS OTHER THAN THOSE  
OPERATED FOR OFFICIAL USE;

(VIII) FREIGHT HOUSES OTHER THAN THOSE OPERATED FOR  
OFFICIAL USE;

(IX) COMMERCIAL SERVICES TO AND SUPPLY OF PRIVATELY  
OWNED AND OPERATED VESSELS, INCLUDING THE CONSTRUCTION OF  
VESSELS, THE SALE OF PETROLEUM, LUBRICANTS AND THE RPVISION OF  
WATER, TUG SERVICES NOT RELATED TO THE CANAL OR OTHER UNITED  
STATES GOVERNMENT OPERATIONS, AND REPAIR OF SUCH VESSELS,  
EXCEPT IN SITUATIONS WHERE REPAIRS MAY BE NECESSARY TO  
REMOVE DISABLED VESSELS FROM THE CANAL;

(X) PRINTING SERVICES OTHER THAN FOR OFFICIAL USE;

(XI) MARITIME TRANSPORTATION FOR THE USE OF THE GENERAL  
PUBLIC;

(XII) HEALTH AND MEDICAL SERVICES PROVIDED TO INDIVIDUALS,  
INCLUDING HOSPITALS, LEPROSARIUMS, VETERINARY, MORTUARY AND  
CEMETARY SERVICES;

(XIII) EDUCATIONAL SERVICES NOT FOR PROFESSIONAL TRAINING,  
INCLUDING SCHOOLS AND LIBRARIES;

(XIV) POSTAL SERVICES;  
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PAGE 03 PANAMA 05955 02 OF 02 191852Z

(XV) IMMIGRATION, CUSTOMS AND QUARANTINE CONTROLS, EXCEPT THOSE  
MEASURES NECESSARY TO ENSURE THE SANITATION OF THE CANAL;

(XVI) COMMERCIAL PIER AND DOCK SERVICES, SUCH AS THE  
HANDLING OF CARGO AND PASSENGERS; AND

(XVII) ANY OTHER COMMERCIAL FUNCTION OF A SIMILAR NATURE.

(B) WITHIN 30 CALENDAR MONTHS FROM THE DATE OF ENTRY  
INTO FORCE OF THIS TREATY, GOVERNMENTAL SERVICES SUCH AS:  
(I) POLICE;  
(II) COURTS;  
(III) PRISON SYSTEM.

5. (A) WITH RESPECT TO THOSE ACTIVITIES OR FUNCTIONS DESCRIBED  
IN PARAGRAPH 4 ABOVE OR OTHERWISE AGREED UPON BY THE TWO  
GOVERNMENTS WHICH ARE TO BE ASSUMED BY THE GOVERNMENT OF  
THE REPUBLIC OF PANAMA OR BY PRIVATE PERSONS SUBJECT TO  
ITS REGULATORY AUTHORITY, THE TWO GOVERNMENTS SHALL CONSULT  
PRIOR TO THE DISCONTINUANCE OF SUCH ACTIVITIES OR FUNCTIONS  
BY THE PANAMA CANAL COMMISSION TO DEVELOP APPROPRIATE ARRANGEMENTS  
FOR THE ORDERLY TRANSFER AND CONTINUED EFFICIENT OPERATION  
OR CONDUCT THEREOF.

(B) IN THE EVENT THAT APPROPRIATE ARRANGEMENTS CANNOT BE  
ARRIVED AT TO ENSURE THE CONTINUED PERFORMANCE OF A PARTICULAR  
ACTIVITY OR FUNCTION DESCRIBED IN PARAGRAPH 4 ABOVE WHICH  
IS NECESSARY TO THE EFFICIENT ADMINISTRATION, OPERATION OR  
MAINTENANCE OF THE CANAL, THE CANAL COMMISSION MAY, TO THE  
EXTENT CONSISTENT WITH THE OTHER PROVISIONS OF THIS TREATY  
AND RELATED AGREEMENTS, CONTINUE TO PERFORM SUCH ACTIVITY  
OR FUNCTION UNTIL SUCH ARRANGEMENTS CAN BE MADE. END TEXT.  
JORDEN

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## Message Attributes

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